

Bond Case Briefs

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Happy Valley LLC v. Madison County Board of Commissioners

Court of Appeals of Indiana - September 18, 2019 - N.E.3d - 2019 WL 4463324

County sought declaratory judgment that lease of private property for use of property as minimum security jail was effectively cancelled.

Property manager counterclaimed for unpaid rent and requested judicial review under Indiana Public Purchasing Act. The Superior Court issued declaratory judgment in favor of county. Property manager appealed.

The Court of Appeals held that:

- Lease between county board of commissioners and private property owners was invalid in absence of appropriation of funds on hand under Indiana Public Purchasing Act;
- Manager of private property was not required to file tort claim notice since action arose in contract; and
- Record supported finding that economic reality motivated ending of funding for lease.

Record supported trial court's findings that county council voted to remove funding for future lease payments on contract for private property that had been used as housing for minimum security jail detainees, and thus, lease between county board of commissioners and private property owners was invalid in absence of appropriation of funds on hand under Indiana Public Purchasing Act, in declaratory action by county that lease was effectively cancelled, although lease mistakenly referenced power of cancellation in county commissioners as opposed to county council.

Dispute over validity of lease between county and private property owners of property that was to be used as housing for detainees of minimum security jail arose from contract, not from injury or death of person or damage to property, and thus, manager of private property was not required to file tort claim notice in order to challenge whether county acted in good faith, in declaratory judgment action by county.

Record supported finding that economic reality, not personal animus against owner or manager of private property, motivated ending of funding for lease for private property that was being used as housing for minimum security jail detainees, and thus, trial court did not commit clear error by finding that county council did not violate good faith requirement of statute governing public purchasing, in declaratory judgment action by county board of commissioners that lease was effectively cancelled.